

State of Nebraska
Department of Labor
CAP Monthly Progress Report
For Period ending April-May 2011

Submitted 07/07/2011

Audit Finding No. 24-09-553-03-001 Finding Number 1 (08-23-01) - Bank Reconciliations (Pages 95-96)

The NDOL, Financial Services Division (FSD), Treasury Supervisor has completed the documentation the Treasury section is following for the bank reconciliation process. The section performs a daily reconciliation of the outstanding checks under the Unemployment Insurance program.

The bank reconciliation for Unemployment Insurance program was subject to two subsequent audits since the FY08 findings. In both subsequent audits, the APA did not issue any additional comments on the outstanding check component of the reconciliation. The timeline for the reconciliation procedures for the bank reconciliation was June 2011. (No. 103) See Attachment A for the reconciliation procedures. NDOL will continue to explore the possibility of incorporating this process within the Benefit Payment System, but integration is not required to address the finding.

Audit Finding No. 24-09-553-03-001 Finding Number 2 (08-23-02) - Cash Management (Pages 106-108)

NDOL discussed the perceived shortcoming of the CAP with the Regional Office. Regional Office stated that this shortcoming is effectively resolved in light of the pending settlement. Expectations for reconciliations need to be coordinated through the settlement agreement with USDOL, on disallowed costs arising out of Statewide Single Audits for the fiscal years ending June 30, 2008, June 30, 2009, and June 30, 2010. (No. 109) Pursuant to the discussion with Regional office, NDOL is not required to provide any further documentation on the FARS to E1 reconciliation. NDOL is attaching the APA documentation, as it is a remaining item in the Corrective Action Plan. Attachment B

Audit Finding No. 24-09-553-03-001 Finding Number 3 (08-23-03) - Allowability and Cash Management (Pages 109-110)

This finding and questioned costs will be resolved as a part of the settlement agreement. Although, NDOL has been working on the current grants, in reference to perceived cash on hand, it has not completed all the processes. However, NDOL has made significant progress. In June 2009, our calculated cash on hand by Regional from the 9130 reports was \$6.0 million. Now the same snapshot had the calculated cash on hand at negative \$2.6 million as of March 30, 2011. However, we must institutionalize the draw process, develop procedures for the draw, and review the draw process. Budgets are essential to the process as a stop on the expenditure side, and so is the business units set up. It is important to insure authorized amounts are related to the original issuance, and track internal issuances between state and local funds, or between local funds. This was not systemized in the past. Once again, although the three (3) questioned costs may be resolved through the settlement process, the NDOL CAP specified that the three (3) questioned costs documentation would be submitted. (No. 7) Attachment C As requested by the Regional office, we have compiled a snapshot of the amount of draws and corresponding expenditures for the month of May 2011. Attachment D

Audit Finding No. 24-09-553-03-001 Finding Number 4 (08-23-04) - Allowable Costs/Cost Principles (Pages 111-112)

NDOL will submit back-up documentation needed for the Cost Allocation Plan. Attachment B, Attachment E, and Attachment F NDOL had a conference call in May 2011, at which time Mr. Ron Goolsby discussed additional requirements the NDOL would need to provide. NDOL is in the process of developing data sets, which mirror the past data from the older FARS system.

Audit Finding No. 24-09-553-03-001 Finding Number 6 (08-23-06) - Reporting/WIA (Pages 114-116)

Accruals are being captured from E1 in an after the fact manner. At present, NDOL has captured accruals for payroll and benefits from reports generated from E1. The information on the 9130 reports correctly reflects all expenses for payroll and benefits for the last quarter. Similar information is prepared utilizing E1 for both allocations, and vendor payments by utilizing reports and various data imports. NDOL will investigate using a general ledger to capture the information, which is not the state's modified cash ledger. In the past few weeks, NDOL met with independent area financial persons to work through the accruals and other accounting issues. The local area is considering ways to capture the accruals in some manner.

Audit Finding No. 24-09-553-03-001 Finding Number 7 (08-23-07) - Period of Availability/WIA (Pages 116-117)

NDOL has started the procedure of moving all expenses from the old business units to the new business units. These new business units have two (2) important functions: budgets are established in the authorized amounts; and a cap or limit on the authorized amounts is being put into place. Authorized amounts are being tied to the NOA and any subsequent issuances when there are additional funds available. NDOL has completed all the expenditure moves up to December 31, 2010, for WIA. NDOL is working on January to March 2011.

Audit Finding No. 24-09-553-03-001 Finding Number 8 (08-23-08) - Earmarking (Pages 117-119)

NDOL discussed what was required with Regional Office for this finding. NDOL provided Regional office with a brief clarification as to what was meant as an earmarking test. During the call, Regional office stated that they would assess the progress in their review. NDOL current reports and subsequent spreadsheets reflect the actual activity. As stated in Audit Finding 08-23-07, NDOL is currently working on January to March 2011. NDOL will follow the same procedures for PY 11 in establishing business units for the PY10 funds.

Audit Finding No. 24-09-553-03-001 Finding Number 11 (08-23-11) - Allowability/WIA (Pages 121-122)

The random client file review is scheduled to take place the week of June 27 through June 30, 2011. Random client files will select individuals who were enrolled in an Occupational Skills Training (OST) funded through WIA, but did not successfully complete the program from July 1, 2011 through March 31, 2011. The review will

monitor for compliance with OET Policy Letter 06-2009. Greater Nebraska client files will be reviewed on June 27 and June 28, 2011. Tri County client files will be reviewed on June 29 and June 30, 2011. The Lincoln local WIA area was a not part of finding Number 11, and is not subject to OET Policy 06-2009. A request will be made to the State of Nebraska to monitor and include a review of the “re-payment of training costs for WIA participants” within the monitoring review conducted annually.

Audit Finding No. 24-09-553-03-001 Finding Number 2 (09-23-02) - Allowable Costs/Cost Principles (WIA/UI/ES) (Pages 118-120)

NDOL has established time reporting procedures to ensure accurate, after-the-fact time reporting. Attachments X includes eight (8) emails to staff regarding accurate, after-the fact time reporting. Procedures are documented in a draft version of policy that NDOL is required to submit to the State Department of Administrative Services Employee Relations Division for approval.

NDOL has scheduled mandatory time reporting training for all managers and supervisors for June 20 and 23, 2011. Attachment Y

NDOL has modified New Employee Orientation to include time reporting policy and procedures. Attachment Z

NDOL verified the State of Nebraska Payroll Certification Manual is being followed. Attachment G

Audit Finding No. 24-09-553-03-001 Finding Number 7 (09-23-07) - Period of Availability and Earmark (WIA) (Pages 130-132)

NDOL is capturing accruals on a quarterly basis. NDOL has established and implemented business units for all federal grants and is maintaining documentation of their use. See new business unit list off the system for WIA. Attachment H

Audit Finding No. 24-09-553-03-001 Finding Number 9 (09-23-09) - Cash Management (UI) (Pages 134-136)

NDOL, FDS, Treasury section has provided a brief explanation of the procedures in place effective March 2011, for the draw of the administrative funds. See Attachment I

Audit Finding No. x-x-x Finding Number 4 (10-23-04) - Allowability and Eligibility (Pages 136-138)

NDOL is coordinating communication with the Training Providers, specifically Community Colleges, to determine the most reliable method of obtaining Pell award status information for clients. This feedback will be incorporated into the final form to track Pell awards for all WIA Adult and DLW clients. Staff training session will occur the week of July 7, 2011, to allow for the implementation of the new Pell Tracking Form for the new program year.

Audit Finding No. x-x-x Finding Number 9 (10-23-09) - Suspension and Debarment (Pages 150-151)

NDOL has established a Procurement Suspension & Debarment Policy and defined procedures to ensure vendors and sub recipients meet OMB Circular A-133 compliance requirements and are not listed on the General Service Administration (GSA) maintained Excluded Parties List System (EPLS) for debarment or suspension. Attachment W

Additional Requirement Number 1: Recording and Reporting Obligations

NDOL, FSD staff met with State Procurement and E1 personnel on June 10, 2011, to explain our issues. They will get back to us on: when the open commitment happens; when we are obligated; and how to handle multi-funded purchase orders.

Additional Requirement Number 2: Cash Management

NDOL, FSD staff met with State Accounting Division and a consultant, to look at accuracy in the report for draws. A change was made to the cash status report with the following components. It will be loaded to test with live data this week. Attached is the email explaining customization of the report, which helps NDOL determine cash needs. Attachment J

Additional Requirement Number 3: Accounting Staff Vacancies

NDOL has hired temporary employees to fill all, but two (2) requested vacancies shown in the organization chart for FSD. Attachment K (88). We have had difficulties in obtaining permission to hire the caliber of personnel we believe we need. It required about two weeks submitting the Personnel Descriptions Questionnaire and the Request to Hire forms. Two positions (2) were submitted on May 9, 2011, and we received word on the June 6, 2011, both positions were downgraded.

Approximately \$600,000,000.00 will run through FSD for the UI division, yet we are told to manage with an Accounting Clerk II and Accountant I. Neither position is required to have any type of formal education in accounting, let alone a bachelor's degree. Although we had received approval for the organization structure, we have not been able to obtain permission to hire someone at the levels we need. We will continue to advocate for the positions needed. The hiring rate for these positions is approximately \$25,000.00 for the Accounting Clerk II position and \$30,000.00 for the Accountant I.

NDOL is also working on the documents for Assistant Controller. NDOL will be hiring a Federal Aid Administrator II, and Accountant II. These positions are slated for budgets and federal reporting.

Additional Requirement Number 4: Correction 9130 Reports for October 30, 2010 and December 31, 2010

As discussed on the conference call with Regional office, all backups should be provided to Regional office to support the re-filing of the reports. NDOL, FSD met with various personnel for E1, and are waiting answers on the procurement process; and how the amounts are reflected in the open commitment reports.

Additional Requirement Number 7: Managing Expiring Funds

At the end of May 2011, the FSD Controller met with the NDOL Director of Programs for ETA, walking through the information used in the 9130 expenditures. NDOL provided snapshot analysis of all ARRA and WIA funds at the state and local level, provided the same information to Greater Nebraska in the monthly conference call on June 1, 2011, and emailed the information to Omaha this past week.

Additional Requirement Number 8: Overspent WIA Youth Funds in Greater Nebraska

The Greater Nebraska Local Area has been working with NDOL FSD to implement a strategy to offset the GN WIA Youth funds deficit. On April 4, 2010, an Offset Plan was sent to Regional for review. After receiving comments on the Plan, Greater Nebraska has co-enrolled one hundred eighty (180) youth, ages 18 to 21, allowing the previous youth charges against them to be offset by GN WIA Adult funds. Greater Nebraska has also requested to access PY11 Youth funds on April 1, 2011, rather than July 1, 2011, so expenses that incurred on April 1, 2011 and after, can be charged to PY11 funds. Greater Nebraska is tracking current youth client obligations to determine the projected amount of PY11 client expenditures. This information is a part of the on-going service strategy developed to assure the local area does not over expend youth funds in the future. The GNWIB has been informed of the situation and the progress. They are actively involved in monthly conference calls with NDOL to receive updates on the progress of GN financials. FSD has moved all approved amounts, however, there was still a shortage, due to invoices coming in after the proposal for expensed incurred prior to the date. NDOL is working with Program personnel and the additional expenditures are to be reallocated based on co-enrollment.

Additional Requirement Number 9: NEworks

Following third quarter PY2010 Federal report filings, NDOL generated and distributed quarterly performance reports to the three (3) local areas for all nine (9) categories in WIA Common Measures. The reported measures included Adult and Dislocated Workers Entered Employment Rate, Employment Retention Rate, Average Earnings, Youth Placement in Employment/Education, Attainment of Degree/Certificate, and Literacy/Numeracy. Local area performance was distributed to the Regional Administrators on May 17, 2011, at the WIA Administrator meeting.

Additionally, „hit lists? which detail who was included in the numerator and denominator for performance calculations were distributed to the local areas with for staff review to verify details of reported data on May 20, 2011 and June 3, 2011.

Third Quarter PY10 Federal Reports were submitted to USDOL on the following dates:
 9002 05/11/2011
 Vets 200 05/11/2011
 9090 05/11/2011
 WIASRD 05/05/2011
 TAPR 05/13/2011

 As with all technology, continuous work is always being completed on enhancements, improvements, and corrections. NDOL reports all requests and questions to the NEworks vendor, Geographic Solutions via their Online Project Communication System (OPC). This site documents the original request and any related conversations or activities from Geographic Solutions staff and NDOL and local area regional expert staff. All requests are accepted by Geographic Solutions normally within one hour of submission and rerouted for investigation and resolution. Any subsequent information is included with the original submission to document additional information requests, clarification, testing, and resolution.

There are currently approximately two hundred (200) reports available to managers in NEworks to monitor performance, enrollments, activities, etc., related to all Federal Programs. Additionally, each of these reports contain up to thirty (30) filters, which allow managers to customize any data query.

The inconsistencies in reporting related to Youth Performance have been investigated in depth and the following facts have been discovered. <ol type="1">

- The Greater Nebraska local area maintains a spreadsheet for projected performance in the various youth categories. Their projected numbers were for PY2010 as a whole, and did not take into consideration which quarter individuals would actually be included in performance. The lower numbers actually reported in Quarters 1 and 2 are logical and expected.
 - Literacy-numeracy regional performance was run directly from the Data Record Verification System (DVRS). Additionally, a list of participants that were counted in the numerator and denominator was generated and distributed to the local areas.
 - The issue with Attainment of Degree/Certificate was addressed and corrected following Second Quarter submission. It was discovered, that some of the records did not convert into the new system and properly track to the appropriate outcome. This issue was reported to Geographic Solutions and resolved via an OPC. There were no reported issues discovered during Third Quarter submission.
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NDOL is providing in hard copy the Third Quarter performance for Statewide and Local Area performances. Attachment N The electronic submission of this report will also include the local area "Hit Lists". Due to the volume of this document, "Hit Lists" will be provided in hard copy upon request.

Additional Requirement Number 10: OJT NEG Grant

NDOL has re-assessed the number of participants expected to be served by each local area and revised the local area goals. It should be noted that the Nebraska OJT NEG grant originally established a minimum of sixty (60) planned participants (20 in each local area). NDOL recognized that more than sixty (60) participants would probably need to be served, but at the time established no maximum. The actual accrued costs of current OJT contracts would indicate that the state would need to serve between seventy-five (75) and one-hundred (100) participants in order to completely expend the grant funds. This re-evaluation is reflected Local Area Goals.

During this report period, NDOL has provided the following technical assistance support to the local areas:

Every other Monday starting April 4, 2011, NDOL meets via phone conference call with the Greater Nebraska NEG OJT field staff and management. These calls identify issues, concerns, and progress associated with the implementation of the NEG OJT grant.

On April 21 and May 15, 2011, there were on-site meetings with the Omaha staff who will be involved in the grant implementation. These meetings included representatives from WIA and Wagner-Peyser programs. The meetings provided guidance on structure, roles and responsibilities, program goals, policy and procedure.

On April 27, 2011, NDOL hosted a conference call with all local area grant managers to discuss and finalize the new goals established for the grant, the semi-monthly OJT NEG reporting requirements, and discuss any issues or concerns in implementing the OJT NEG grant.

On April 13 and 21, 2011, NDOL provided technical assistance on program policy, procedure, and goals to the Lincoln project operator staff.

NDOL currently receives a semi-monthly cumulative progress report from each local area as of the fifteen (15) and thirtieth (30) day of each month and the local area cumulative progress report as of May 31, 2011. Attachment O Monthly progress reports for each local area are furnished to Ms. Rochelle Bradley, ETA Region V.

Flow charts and the MOU/Agreement for the local project operators are attached. Mayor Chris Beutler, Chief Elected Official (Mayor) for the Lincoln local area returned the OJT NEG grant funds to NDOL effective May 13, 2011. As a result, the Wagner Peyser Program has assumed the responsibility of OJT NEG project operator for the Lincoln area. The new OJT NEG grant project operator is Karen Mosier, Employment Services Manager. In view of the fact that she is the local area Employment Services Manager, there is no requirement for a MOU/Agreement between the project operator and the Employment Services partner as they are one in the same. The Lincoln local area flow chart for employers is attached and the local area flow chart for participants is under revision. The same situation applies in the Greater Nebraska local area. The OJT NEG project operators are also the Employment Services Managers (partner), therefore requiring no MOU/Agreements. The Greater Nebraska Flow charts for both OJT employers and participants are attached. The flow chart and MOU agreement for the Tri County (Omaha) project operator is attached. Attachment O

The current OJT NEG grant provides no budget for Employment Services (Wagner Peyser) partners. The Employment Services partner services are provided as authorized services under the Employment Services grant (Wagner-Peyser). However, since in Greater Nebraska and Lincoln the OJT NEG project managers (Karen Mosier (Lincoln), Kris Howe (GN-Beatrice), and Stacy Brown (GN-North Platte) are also the Employment Services managers, they are responsible for management of the OJT NEG local budgets and enrollments as identified in the grant. The separation of the OJT NEG staffing grant funds is accomplished by the local area managers identifying specific Career Center staff to serve as part-time case managers for OJT NEG participants. The specific staff is identified in each local area flow chart, and their time charged to the OJT NEG grant is only for time used to serve OJT NEG participants. Any staff time providing employment services is time charged to the Wagner-Peyser grant.

Additional Requirement Number 11: Internal Management Reports

The UI-3 reports are utilizing the information from the E1. Once the Federal Aid Administrative III is hired, this report will be prepared NDOL's FDS.

Additional Requirement Number 12: WIA Statewide Activities

NDOL has added narrative Pages 127 and 133, addressing the availability of fifteen percent funds (15%), and adding on Page 127 the required activity when there are high concentrations of eligible youth. Please reference <http://www.dol.nebraska.gov/answers/wia/plan/NEPlanPY2011.pdf>.